

May 15, 2009

To the Members of the Mississippi Legislature

Over the past few days, there has been a great deal of news coverage on efforts to develop a Fiscal Year 2010 state budget. In this package you will find you some of the opinions that have been published in Mississippi's leading newspapers on the subject, opinions that I believe reflect the views of most Mississippi voters.

As you know, I've presented a balanced, conservative, prudent budget for Fiscal Year 2010 that effectively uses federal stimulus money and takes into account falling state revenue. No budget will work without these two basic assumptions.

My budget includes more than \$106 million from the Legislature's new tax on cigarettes and reinstatement of a \$90 million assessment on hospitals so they will again pay their fair share of support for our Medicaid program.

I've said any extra spending must be paid for, and have suggested fair taxes on manufacturers of smokeless tobacco products and cheaper brands of cigarettes. These companies don't participate in Mississippi's big tobacco settlement so they get a .43 cent per pack tax break as opposed to the cigarette companies that pay Mississippi about \$120 million a year. So this would not only be fair but would end the tax subsidy our current system gives to cheap cigarettes.

Without the reinstatement of the \$90 million dollar hospital tax, we'll have to substantially cut Medicaid or make additional large cuts in other state programs like law enforcement or mental health. There is even some talk of furloughing state employees, but I hope it doesn't come to that.

This budget isn't business as usual and anyone who thinks so is badly mistaken. Even with the federal stimulus money, there is not enough revenue to cover everything everybody would like to cover.

The federal stimulus money ends in the middle of Fiscal Year 2011; that's December 31, 2010; we can't plan to keep spending money we won't have; so we must plan ahead by controlling costs now and in the future.